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HOUSE AND SENATE ACT TO REVERSE IRS RULES ON AIRCRAFT

General aviation industry lobbyists won a major victory last week when both the House and Senate passed separate pieces of legislation aimed at overturning recently enacted Internal Revenue Service regulations on the use of corporate aircraft. Final action on the legislation is not expected before Congress returns from its Easter recess on April 15, at which time a conference committee will meet to resolve differences in the legislation passed by the two houses.

In the House, the provisions affecting aircraft use were attached to a bill that repeals the contemporaneous record-keeping provisions IRS imposed on persons who use company-owned automobiles, an issue that has generated huge volumes of mail to members of Congress from their constituents. The House bill, H.R.1869, does not actually mention aircraft use, but the House Ways and Means Committee's report on it includes the valuation provisions introduced earlier by Rep. Dan Glickman (D-Kan.) in a separate measure *(BA, April 1/97)*.

During debate on the House floor, Glickman noted that the IRS rules regarding "personal travel on business aircraft and hitch-hiking for personal purposes on an empty seat basis on business flights are totally out of line . . . I trust the IRS will heed the guidance of the committee's discussion . . . and move ahead with revisions in their regulations. I would suggest that an appropriate valuation scheme for the purely personal use of these aircraft, not in conjunction with any business trip, would be along the following lines: First, valuation at one-half coach fare for flights on aircraft weighing 6,000 pounds and under; second, valuation at coach fare for flights on aircraft weighing more than 6,000 but up to 10,000 pounds, and, third, valuation at first class fare for flights on aircraft weighing over 10,000 pounds."

Metzenbaum Nearly Derails Senate On Aircraft Relief

While aviation lobbyists were pleased with last week's legislative victories, they emphasized that the battle to overturn the IRS rules is not yet complete. When H.R.1869 came up before the Senate, Sen. Howard Metzenbaum (D-Ohio) objected strenuously to the aircraft valuation provisions in the Ways and Means and Senate Finance Committee reports.

"What we are talking about is a giveaway," Metzenbaum charged. "It is a sheer attempt on the part of the Finance Committee to see to it that the corporate executives of this country are protected: they can use the corporate aircraft to go to the World Series games, to go on a vacation trip, or to take their family wherever they want. They can use it, but they do not have to pay what the Senate thought they should pay in 1984." Metzenbaum introduced an amendment that would have required IRS to continue enforcing the regulations it adopted at the beginning of the year *(BA, Jan. 7/1)*. After considerable debate, Metzenbaum's amendment was defeated by a single vote, 47-46.

In later discussion, Senate Majority Leader Robert Dole (R-Kan.) noted that the initial IRS aircraft regulations "do not distinguish among various types of business aircraft, although I am sure everyone would agree that there are substantial differences in comfort and convenience between the largest corporate jets and more modest aircraft. In addition, as a general matter, the values provided in the regulations were unrealistically high . . . the Finance Committee agreed yesterday that the temporary regulations do not ac-

(Continued on the following page)

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STATUS OF AIRPORT AND AIRWAY TRUST FUND
As Of January 31, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	7,012,149,905.31	6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund) :		
Any liquid fuel except gas	6,985,000.00	23,451,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	906,000.00
2. Non-commercial 9 cents tax	2,588,000.00	8,675,384.00
3. Non-commercial 3 cents tax	862,000.00	2,439,128.00
4. Transp by air,seats,berths,etc.	208,962,000.00	836,026,730.00
Use of international trav fac	6,563,000.00	28,760,424.00
Transp of property and cargo	14,390,000.00	53,351,089.00
Total Tax Receipts	240,582,000.00	953,610,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	333.00
2. Any liquid fuel except gas	0.00	2,346,988.00
3. Gasoline -Retailer's tax	0.00	537.00
Total Reimburse for Tax Refunds	0.00	2,347,858.00
Net Tax Receipts	240,582,000.00	951,262,196.00
C. Interest on Investments	1,037,063.59	353,641,562.80
Net Receipts	241,619,063.59	1,304,903,758.80
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	171,030,826.33	276,030,641.72
2. Grants-in-aid for airports	56,463,585.50	293,713,309.37
3. Facilities & equipment	32,591,531.92	124,080,619.14
4. Research engineering & development	21,761,714.11	73,243,600.94
B. NOAA weather services	0.00	6,750,000.00
C. Interest on Refund of Taxes	0.00	47.00
Total Expenditures	281,847,657.86	773,818,218.17
IV. BALANCE - END OF PERIOD	6,971,921,311.04	6,971,921,311.04
ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	95.68	
Operations	358.28	
Grants-in-aid for Airports	-18,368,386.16	
Facilities & Equipment	67,817,890.56	
Research Engineering & Development	41,428,352.68	
NOAA weather services	0.00	
		90,878,311.04
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS :		
11-1/4% maturing June 30, 1985	800,875,000.00	
11-1/8% maturing June 30, 1985	5,605,955,000.00	
11-3/8% maturing June 30, 1985	474,213,000.00	6,881,043,000.00
Total Assets		6,971,921,311.04
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		6,971,921,311.04
Total Liabilities and Equity		6,971,921,311.04

Treasury Department Chart